



March 17, 2025

In order to be responsive to the latest legislative developments, MOCPA continually monitors proposed legislation. We utilize both professional and grassroots lobbyists to ensure the CPA profession has a voice in Jefferson City. By keeping members informed, MOCPA is empowering you to contribute to the legislative process.

Session Update

The legislative spring break began with the adjournment of the House and Senate on Thursday. The Legislature will resume session on Monday, March 24.

Last week, Governor Kehoe and House and Senate Republicans held a press conference to highlight their early legislative session accomplishments. The governor praised the House and Senate for working together to address public safety and for sending him an omnibus public safety bill.

Two other bills were sent to Governor Kehoe last week. One allocates nearly \$2 billion to fund state government through the rest of the current fiscal year, and the other bill would allow utility companies to set rates based on future projected costs and revenues rather than actual costs.

So far, this session has been the most cooperative and productive in recent memory. The Senate has yet to engage in any personal or political attacks, and the vitriolic speeches that have plagued the Senate for the last four years have all but gone away. There are many tough issues for the General Assembly to tackle when they return from break, including the state's almost \$54 billion budget.

Last week, the Missouri Supreme Court heard arguments for a lawsuit seeking to strike down Proposition A, which guarantees sick leave for hundreds of thousands of workers and gradually hikes the minimum wage to \$15/hour. The lawsuit comes mere months after Missouri voters approved the measure with 58 percent of the vote. A coalition of business groups and individuals argued the proposition should be thrown out for violating constitutional rules on ballot initiatives, which include violations of the single-subject requirement and a lack of clear title. The arguments occurred a day after the Missouri House gave initial approval to a bill repealing the sick leave law and modifying the implementation of minimum wage.

The failures of a new \$100 million Missouri state accounting system disrupted plans for the House Budget Committee to put its imprint on the spending plan for the coming fiscal year. The system purchased in 2022 from Accenture was supposed to be in the final phase of implementation at this point, with all financial processes—

including tracking for state appropriation decisions in the Legislature—fully operational by September 2024.

Legislation of Interest

[Click here](#) to view the complete list of high-priority bills MOCPA is currently tracking. The deadline for filing new bills has passed, but bills are regularly amended. The list is updated each week to reflect any changes. Be sure to check the list regularly to look for legislation that may be of interest to you or your clients.

A few bills of interest that had activity last week include:

- **Tax Deduction—Capital Gains:** [HB 594](#), which authorizes an income tax deduction for 100 percent of all income reported as capital gains for federal income tax purposes for tax years beginning on or after Jan. 1, 2025, had a lengthy debate in the Senate. The bill was ultimately returned to the calendar for further debate.
- **Tax Elimination—Corporate Income:** [SB 370](#), which seeks to eliminate the corporate income tax incrementally over a period of five years, to be fully eliminated by calendar year 2030, was heard in the Senate Committee on Economic and Workforce Development.
- **Income Tax Elimination:** [HB 798](#) seeks to simplify income tax collections by implementing a flat tax rate of 4.7 percent on all taxable income, removes all tax deduction triggers and all existing taxable income brackets, and repeals the Missouri Working Family Tax Credit Act. The bill was amended to add provisions that phase out capital gains, modify penalties for tax penalties incurred when a tax credit cap is reached, lower the corporate income tax rate from 4 to 3.75 percent, and modify pregnancy and maternity homes and diaper bank tax credits. After lengthy, contentious debate in the House, the bill was passed by a 100-53 vote. The bill now will be sent to the Senate for further consideration.
- **Taxing Districts:** [HB 660](#), which proposes numerous changes to the law regarding taxing districts, passed in the House by an 89-58 vote. The bill will now be sent to the Senate for further consideration.

MOCPA's Call to Action

Tax on Professional Services

During the gubernatorial race, Governor Kehoe campaigned on reducing the state income tax. While he has not provided specifics on how to accomplish this, some legislators have drafted proposals to replace the state income tax with an expanded sales tax base—which would upend Missouri's entire tax structure, creating uncertainty for businesses and professionals alike.

MOCPA has long been at the forefront of this issue, and member assistance is needed as we continue in this battle. Please let us know if you have a relationship with a legislator, and if you're willing to participate in outreach efforts to educate

legislators on the consequences of taxing professional services. Please contact Dena Hull at dhull@mocpa.org to get involved or if you have questions.

For Additional Information

Attend MOCPA Legislative Session Wrap-up Webinar

Virtual | May 30 | 10-10:50 a.m.

After Missouri's 2025 regular legislative session adjourns, learn how bills of interest to CPAs fared, and what outcomes could impact the profession, your business or your clients. Patty Faenger, executive director of the Missouri State Board of Accountancy, will join the conversation to share important info you need to know for renewing your license this year.

[Register here](#) for this 50-minute, complimentary CPE session!

Because of the Legislature's spring break, there will be no *Government Advocacy Update* next week. If you have any questions on our legislative efforts, please visit our [government advocacy web page](#), or contact [Dena Hull](#) at (800) 264-7966, ext. 105.

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